Sheikh Abdullah bin Ahmad v Universal Music (M) Sdn Bhd

HIGH COURT (KUALA LUMPUR) — SUIT NO 22IP-30–06 OF 2015
AZIZAH NAWAWI J
13 MARCH 2017

Evidence — Burden of proof — Allegation of particular fact — Plaintiff sued defendant for, inter alia, payment of 20% royalty from sale of his album and songs — Whether plaintiff failed to prove royalty rate was 20% — Whether there was documentary evidence adduced by defendant to show rate 8% — Whether defendant's evidence acceptable to court on balance of probabilities

The plaintiff was a Malaysian professional singer who went by the stage name 'Dato Shake'. In 1983, he signed a contract with a recording company, Malaysian Recording Corp Sdn Bhd ('MRC') to produce an album of his songs ('the album'). The producer and copyright-holder of the album was Ahmad Nawab of Nawab Production Sdn Bhd ('NPSB'). In November 2005, NPSB and another related company entered into an agreement ('the 2005 agreement') with Music Valley Sdn Bhd ('Music Valley') under which NPSB gave Music Valley the rights to sell the album. However, the responsibility of paying the royalties due to artists concerned, including the plaintiff, from the sales of the album remained with NPSB. In 2008, the parties to the 2005 agreement signed a novation agreement with the defendant ('the 2008 novation agreement') under which the defendant took over the rights and obligations of Music Valley under the 2005 agreement. During one of his trips back to Malaysia from his professional singing career abroad, the plaintiff discovered that the defendant had, without his knowledge, uploaded some of his songs from the album onto the iTunes website on the internet and that anyone who downloaded those songs were charged USD4.99. The plaintiff contended that although 100,000 copies of the album had been sold in both LP and cassette form, MRC, which had since closed down, had never paid him any royalties. In his instant suit against the defendant, the plaintiff prayed for, inter alia: payment of 20% royalty from the sale of the album and of his songs, a declaration that the defendant had breached his performer's rights under s 36 of the Copyright Act 1987 ('the CA 1987') read together with s 16A, damages for breach of s 36 and equitable remuneration under s 16B of the CA 1987, and also an injunction.

Held, allowing only the plaintiff's claim for royalties but at rate of 8%:

(1) The plaintiff failed to prove that either 100,000 units of the album had been sold in the market since 1983 or that he was entitled to 20% in royalties. There was no documentary proof to support either of those

contentions. There was only the evidence of the plaintiff, his brother, PW2, and reliance on newspaper reports, the last of which was hearsay evidence. The plaintiff also failed to provide any evidence of the terms of his 1983 contract with MRC. If the agreed-upon royalty payment was 20%, it was only binding on MRC which was the party to the 1983 contract and not the defendant. Added to that, there was an email on 15 April 2015 from June Nawab to the defendant instructing the latter to pay 8% royalty to the plaintiff on behalf of Nawab Production. This showed that the party responsible for paying royalty to the plaintiff was still Nawab Production and not the defendant (see paras 17–18 & 21–22).

(2) On the evidence, the court was of the considered opinion that under the terms of the 2005 agreement and the 2008 novation agreement, and based on the 15 April 2015 email from Nawab Production to the defendant, it was more probable that the plaintiff was only entitled to 8% royalty and not 20%. If the plaintiff disputed that figure, he should have called a witness from Nawab Production to testify that the royalty was 20% and not 8% as the onus was on him to establish that it was 20%. On balance of probabilities, the court accepted the defendant's evidence that the 8% royalty payments came to RM227.69, RM236.65 and RM249.91 and judgment was allowed for the said amounts (see paras 23, 26 & 45–46).

(3) Performers' rights under s 16A(1) of the CA 1987 was not limited to 'live performances' before an audience but also included studio recordings; neither was it limited to the first distribution of the recording of the performance but also to subsequent distribution. In the present case, the defendant did not breach s 16A(1)(d) of the CA 1987 as it was not privy to the 1983 contract between the plaintiff and MRC and also because the plaintiff failed to establish that the defendant had reproduced the album for subsequent distribution. Even if there was reproduction of the album for subsequent distribution, the defendant had already paid the 8% royalty to the plaintiff on the instructions of, and on behalf of, Ahmad Nawab Production Sdn Bhd pursuant to the 2008 novation agreement (see paras 36–37, 40–41 & 44–45).

(4) The defendant was liable to pay equitable remuneration to the plaintiff in respect of songs it had uploaded from the album onto iTunes. Section 16B(3A) of the CA 1987 provided that in the absence of a contract on the equitable remuneration payable, the performer could apply to the Copyright Tribunal to determine the amount payable as equitable remuneration. Since the Copyright Tribunal was established under s 28 of the CA 1987, Parliament would have considered it to be the specialised body to look into disputes on equitable remuneration. As the defendant had already paid the plaintiff RM247.48 for the download of

songs from the album from iTunes, if the plaintiff was not happy with that amount, it was up to the parties to take their dispute to the Copyright Tribunal (see paras 54 & 58). A

(5) The injunction sought by the plaintiff was not granted as the plaintiff was merely seeking payments for the download of the album. It was also not in dispute that the copyright in the album was owned by Nawab Production (see para 59). B

[Bahasa Malaysia summary

Plaintif adalah penyanyi profesional Malaysia yang menggunakan nama panggung 'Dato Shake'. Pada tahun 1983, dia menandatangani kontrak dengan syarikat rakaman, Malaysian Recording Corp Sdn Bhd ('MRC') untuk menerbitkan album lagu-lagunya ('album'). Penerbit dan pemegang hak cipta album adalah Ahmad Nawab daripada Nawab Production Sdn Bhd ('NPSB'). Pada bulan November 2005, NPSB dan syarikat yang berkaitan satu lagi memasuki perjanjian ('perjanjian 2005 tersebut') dengan Music Valley Sdn Bhd ('Music Valley') di mana NPSB memberi kepada Music Valley hak untuk menjual album tersebut. Walau bagaimanapun, tanggungjawab membayar untuk bayaran royalti kepada artis-artis yang berkenaan, termasuk plaintif, daripada jualan album kekal dengan NPSB. Pada tahun 2008, pihak-pihak kepada perjanjian 2005 tersebut menandatangani perjanjian novasi dengan defendan ('perjanjian novasi 2008 tersebut') di mana defendan mengambil alih hak dan tanggungjawab Music Valley di bawah perjanjian 2005 tersebut. Semasa salah satu perjalanannya balik ke Malaysia daripada kerjaya nyanyian profesionalnya di luar negeri, plaintif mendapati bahawa defendan telah tanpa pengetahuannya, memuat naik beberapa lagunya daripada album ke laman iTunes di internet dan sesiapa yang memuat turun lagu-lagu tersebut dicaj USD4.99. Plaintif berhujah walaupun 100,000 salinan album telah dijual di dalam kedua-dua bentuk LP dan kaset, MRC, yang mana telah ditutup, tidak pernah membayarnya apa-apa royalti. Dalam tindakan ini terhadap defendan, plaintif memohon untuk, antara lain: bayaran 20% royalti daripada jualan album dan lagu-lagunya, perisytiharan bahawa defendan telah melangari hak penghiburnya di bawah s 36 Akta Hak Cipta 1987 ('AHC 1987') dibaca bersama dengan s 16A, ganti rugi bagi pelanggaran s 36 dan ganjaran ekuiti di bawah s 16B AHC 1987, dan juga injunksi. C D E F G H

Diputuskan, membenarkan tuntutan plaintif bagi royalti tetapi pada kadar 8%:

(1) Plaintif gagal untuk membuktikan bahawa sama ada 100,000 unit album telah dijual di pasaran semenjak 1983 atau dia berhak kepada 20% dalam royalti. Tidak terdapat bukti dokumentar untuk menyokong kedua-dua hujahan tersebut. Hanya terdapat keterangan plaintif, saudara lelakinya, PW2, dan pergantungan ke atas laporan surat khabar, yang mana yang akhirnya adalah keterangan kata dengar. Plaintif juga gagal untuk I

memberikan apa-apa keterangan mengenai terma-terma kontrak 1983 nya dengan MRC. Jika bayaran royalti yang dipersetujui adalah 20%, ia hanya mengikat ke atas MRC yang mana adalah pihak kepada kontrak 1983 dan bukan defendan. Tambahan kepada itu, terdapat emel pada 15 April 2015 daripada June Nawab kepada defendan mengarah defendan untuk membayar 8% royalti kepada plaintif bagi pihak Nawab Production. Ini menunjukkan bahawa pihak yang bertanggungjawab untuk membayar royalti kepada plaintif adalah masih Nawab Production dan bukan defendan (lihat perenggan 17–18 & 21–22).

(2) Atas keterangan, mahkamah berpandangan bahawa di bawah terma perjanjian 2005 dan perjanjian novasi 2008 tersebut, dan berdasarkan ke atas emel 15 April 2015 daripada Nawab Production kepada defendan, ia adalah lebih mungkin bahawa plaintif hanya berhak kepada 8% royalti dan bukan 20%. Jika plaintif mempertikaikan jumlah tersebut, dia patut memanggil saksi daripada Nawab Production untuk memberi keterangan bahawa royalti adalah 20% dan bukan 8% kerana beban adalah ke atasnya untuk membuktikan bahawa ia adalah 20%. Atas imbangan kebarangkalian, mahkamah menerima keterangan defendan bahawa bayaran royalti 8% tersebut adalah daripada RM227.69, RM236.65 dan RM249.91 dan penghakiman adalah dibenarkaan bagi julah tersebut (lihat perenggan 23 & 45–46).

(3) Hak penghibur di bawah s 16A(1) AHC 1987 tidak terhad kepada 'live performances' di hadapan penonton tetapi juga termasuk rakaman; juga tidak ianya terhad kepada pengedaran pertama rakaman persembahan tersebut tetapi juga kepada pengedaran kemudiannya. Dalam kes ini, defendan tidak melanggar s 16A(1)(d) AHC 1987 kerana ia tidak privi kepada kontrak 1983 di antara plaintif dan MRC dan juga kerana plaintif gagal untuk membuktikan bahawa defendan telah menerbitkan untuk pengedaran kemudiannya. Walaupun jika terdapat penerbitan semula album untuk pengedaran kemudiannya, defendan telah membayar 8% royalti kepada plaintif atas arahan, dan bagi pihak, Ahmad Nawab Production Sdn Bhd berikutan perjanjian novasi 2008 tersebut (lihat perenggan 36–37, 40–41 & 44–45).

(4) Defendan adalah bertanggungjawab untuk membayar ganjaran ekuiti kepada plaintif berkaitan lagu-lagu yang ia muat naik daripada album kepada iTunes. Seksyen 16B(3A) AHC 1987 memperuntukkan bahawa dalam ketiadaan kontrak atas ganjaran ekuiti yang mesti dibayar, penghibur boleh mengguna pakai Tribunal Hak Cipta untuk menentukan jumlah yang mesti dibayar sebagai ganjaran ekuiti. Memandangkan Tribunal Hak Cipta ditubuhkan di bawah s 28 AHC 1987, Parlimen akan mempertimbangkannya sebagai badan khas untuk mendengar pertikaian-pertikaian atas gajaran ekuiti. Memandangkan defendan telah membayar plaintif RM247.48 untuk muat turun

lagu-lagu daripada iTunes, jika plaintif tidak berpuas hati dengan jumlah tersebut, terpulang kepada pihak-pihak untuk membawa pertikaian mereka kepada Tribunal Hak Cipta (lihat perenggan 54 & 58). A

(5) Injunksi yang dipohon oleh plaintif tidak diberikan kerana plaintif hanya memohon bayaran untuk muat turun album tersebut. Ia juga tidak dipertikaikan bahawa hak cipta dalam album tersebut dimiliki oleh Nawab Production (lihat perenggan 59).] B

Notes

For cases on allegation on particular fact, see 7(1) *Mallal's Digest* (5th Ed, 2017 Reissue) paras 731–739. C

Cases referred to

Bacom Enterprises Sdn Bhd v Jong Chuk & Ors [2011] 5 MLJ 820, CA (refd)
Scruttons Ltd v Midland Silicones Ltd [1962] 1 All ER 1; [1962] AC 446, HL (refd) D

Legislation referred to

Copyright Act 1987 s 3, 7, 10A, 16, 16A, 16A(1), (1)(d), 16B, 16B(3A), 28, 36, 36(1), 39A E

Yusfarizal Yussoff (Muhd Daniel with him) (Zulpadli & Edham) for the plaintiff. A Onn (Onn & Partners) for the defendant.

Azizah Nawawi J: F

INTRODUCTION

[1] The plaintiff's claim against the defendant, inter alia, is for the following reliefs: G

(a) a 20% royalty payment from the sale of his album and song, whether in cassette, digital, or in whatever form/medium;

(b) a declaration that he has performers' rights under s 16A of the Copyright Act 1987 ('the CA 1987'); H

(c) a declaration that the defendant has breach the plaintiff's performers rights under s 36 of the CA 1987;

(d) that the plaintiff is entitled to the equitable remuneration under s 16B of the CA 1987 from the defendant; I

(e) alternatively, the plaintiff seeks an account of profit from the sale of his album; and

(f) injunction and damages.

A THE SALIENT FACTS

[2] The plaintiff is a singer, and has been active in the entertainment business since 1980's. The plaintiff's singing career was based in Los Angeles, United States of America from 1986 to 2008, and thereafter, in Paris, France. Apart from his professional career as a singer in Los Angeles and Paris, the plaintiff also returns home to Malaysia to do stage performance and recorded songs under his stage name in Malaysia, Dato Shake.

[3] The defendant is a company incorporated in Malaysia and is involved in the recording business.

[4] The plaintiff had entered into a contractual relationship with a recording company, Malaysian Recording Corporation Sdn Bhd ('MRC') in 1983 ('the 1983 contract') to produce an album 'Kau Bungaku' ('the album'). The plaintiff is the singer of the songs in the album. The plaintiff claims that under the 1983 contract with MRC, the plaintiff is entitled to 20% royalty from the sale of each album and/or songs from the said album.

[5] The producer of the album is Ahmad Nawab, (from Nawab Production Sdn Bhd) a renowned song writer and producer at that time. Under cross-examination, the plaintiff has admitted that Ahmad Nawab owns the copyright in the said album.

[6] The plaintiff claims that the album was selling like hot cakes at that time, reaching sales of 100,000 units. However despite the huge sales of the album, in both LP and cassette, MRC did not make any payment to the plaintiff. Therefore, the plaintiff did not continue with his contract with MRC, which had since closed down.

[7] On 30 November 2005, Nawab Production Sdn Bhd, Nawab Publishing House Sdn Bhd and Music Valley Sdn Bhd entered into a sale and purchase agreement ('the 2005 agreement'), whereby Nawab Production will assign the rights in the album to Music Valley on a 60% and 40% ownership. Under cl 3.1.2 of the 2005 agreement, the defendant is to pay 40% of the net profits to Nawab Production.

[8] Under cl 3.1.4 of the 2005 agreement, it is the responsibility of the vendor, Nawab Production to deal with third party liabilities, which would include the royalties due to the artists concerned, including the plaintiff. Therefore, Nawab Production shall be solely responsible to pay to the artists, from the payments made by Music Valley Sdn Bhd under cll 3.1.1 and 3.1.2 (from the net profits of the sales). Clause 3.1.4 reads:

3.1.4 Payment under clauses 3.1.2 and 3.1.3 shall be deemed to include payment in respect of Third Party liabilities. The Vendors shall be solely responsible for such Third Party liabilities and shall have no further claim of reimbursement or compensation from the purchaser in respect of the same.

[9] Therefore, until the signing of the novation agreement on 22 December 2008, the payments made by Music Valley to Nawab Production includes the liability to pay the royalty on the sale of the album, and the royalty payments (for the artists) were made directly to Nawab Production Sdn Bhd under cll 3.1.2 read with 3.1.4.

[10] The novation agreement dated 22 December 2008 ('the 2008 novation agreement') is between Nawab Production Sdn Bhd, Nawab Publishing House Sdn Bhd, Music Valley and the defendant. Under this novation agreement 2008, the defendant has taken over the rights and obligations of Music Valley to Nawab Production Sdn Bhd and Nawab Publishing House Sdn Bhd in the 2005 agreement. Therefore, the defendant had stepped into the shoes of Music Valley Sdn Bhd.

[11] As the 2008 novation agreement merely transfers the rights and obligations of Music Valley Sdn Bhd to the defendant, and that there are no changes made to cll 3.1.2 and 3.1.4 of the 2005 agreement, any payments of royalty due to the artists are still made to Nawab Production, not to the artists directly. This can be seen from a letter issued by Nawab Production Sdn Bhd dated 25 February 2011 which directs that 'all royalties due to Nawab Productions Sdn Bhd will have to be paid to Ahmad Khan B Nawab Khan'.

[12] The plaintiff, in his evidence said that he has no knowledge of the 2005 agreement or the 2008 novation agreement.

[13] Around January 2005, when the plaintiff was in the country, he was informed that some of his songs from the album can be downloaded from the iTunes, which had been uploaded by the defendant.

[14] Upon checking the internet, he found out that the album can be downloaded from the iTunes at the price of USD4.99.

THE FINDINGS OF THE COURT

[15] Essentially, the plaintiff's claim against the defendant is premised on the following causes of action:

(a) contractual rights; and

(b) statutory rights under the CA 1987.

Contractual rights

[16] The first prayer that the plaintiff is seeking against the defendant is the 20% royalty payment from the sale of his album and song, whether in cassette, digital, or in whatever form/medium.

[17] The plaintiff claims that 100,000 units of the album was sold in the market since 1983. As such, the plaintiff now claims for 20% of the royalty from the sale of the said album. However, there is no documentary evidence to prove the sales of 100,000 units of the album. What the plaintiff has is from newspaper reports, which are hearsay evidence.

[18] With regards to the plaintiff's claim for 20% royalty from the sale of the album and/or the sale of the songs in the album, the plaintiff has failed to provide any evidence on the terms of the 1983 contract with MRC. Added to that, since the defendant is not a party to the 1983 contract, then the defendant is not liable to pay the plaintiff the 20% royalty from the sale of the album. In *Bacom Enterprises Sdn Bhd v Jong Chuk & Ors* [2011] 5 MLJ 820, the Court of Appeal, in restating the position under English law in *Scruttons Ltd v Midland Silicones Ltd* [1962] 1 All ER 1; [1962] AC 446, held as follows:

> [101] The above being the position, we are of the view that consequently, the plaintiff's direct claim against Bacom would suffer the same fate on the doctrine of privity. Bacom is clearly not a party to the development agreement. In this respect, we would unhesitatingly agree with the submission of learned counsel for Bacom that Bacom has agreed with the first to the fifth defendants that it is bound by the terms of the development agreement is a matter between the two parties and cannot confer contractual privity between the plaintiff and Bacom. *The plaintiff is definitely not a party to the sale agreement and hence cannot enforce or rely for protection on its provisions even if some provision therein was intended to benefit him*. In *Scruttons Ltd v Midland Silicones Ltd* [1962] AC 446, which dealt with the English position on the doctrine of privity, Lord Reid said (at pp 472–473):
>
> > In considering the various arguments for the appellants, I think it is necessary to have in mind certain established principles of the English law of contract. Although I may regret it, I find it impossible to deny the existence of the *general rule that a stranger to a contract cannot in a question with either of the contracting parties take advantage of provisions of the contract, even where it is clear from the contract that some provision in it was intended to benefit him*. That rule appears to have been crystallised a century ago in *Tweddle v Atkinson* (1861) 1 B & S 393 and finally established in this House in *Dunlop Pneumatic Tyre Co Ltd v Selfridge & Co Ltd* [1915] AC 847.
>
> [102] In *Kepong Prospecting Ltd & Ors v Schmidt* [1968] 1 MLJ 170; [1967] 1 LNS 67, the Privy Council held that the doctrine of privity applies in Malaysia. In delivering the judgment of the Board, Lord Wilberforce said at p 174:
>
> > It is true that section 2(d) of the Contracts (Malay States) Ordinance gives a

> wider definition of 'consideration' than that which applies in England particularly in that it enables consideration to move from another person than thepromisee, but the appellant was unable to show how this affected the law as to enforcement of contracts by third parties, and it was not possible to point to any other provision having this effect. *On the contrary paragraphs (a), (b), (c) and (e) support the English conception of a contract as an agreement on which only the parties to it can sue*. (Emphasis added.)

[19] However if I am wrong in the finding above, the defendant has admitted that they have signed the novation agreement dated 22 December 2008 with Music Valley Sdn Bhd, Nawab Production Sdn Bhd and Nawab Publishing House Sdn Bhd. Pursuant to the 2008 novation agreement, the defendant takes over the liabilities and obligations of Music Valley Sdn Bhd, including the rights to:

> ... grant sublicences pertaining to (i) to (iv) in respect of the audio recording of the albums bearing the album tile by the artist and comprising the song titles set out in Schedule A of the Licensing Agreement in an audio cassette or audio compact disc or video compact disc throughout the territory during the term.

[20] It is not in dispute that the plaintiff's album is included in Schedule A. Therefore, pursuant to the 2008 novation agreement dated 22 December 2008, the plaintiff submits that the defendant is liable to pay the plaintiff royalty payments for the album, with effect from 22 December 2008.

[21] The next issue is whether the royalty is 20% as contended by the plaintiff, or 8% as contended by the defendant. Bearing in mind that it is the onus of the plaintiff to prove that the royalty is 20%, on the evidence before me, I find that the plaintiff has failed to prove the same. There is no documentary proof to supports the contention, apart from the oral evidence of the plaintiff and his brother. In any event, if the said 20% royalty was the agreed one, then it is only binding on MRC, which was a party to the 1983 contract, not the defendant.

[22] Added to that, from the email dated 15 April 2015 from June Nawab, the defendant was informed that the defendant is to pay 8% royalty to the plaintiff on behalf of Nawab Production. Therefore, the party responsible to pay royalty to the plaintiff is still Nawab Production, not the defendant.

[23] Having considered the evidence, I am of the considered opinion that under the terms of the 2005 agreement and the 2008 novation agreement, the plaintiff is only entitled to 8% royalty, and not 20% royalty as contended by the plaintiff. If the plaintiff disputes this figure, then he should have called a witness from Nawab Production to give evidence that the royalty is 20% and not 8%, as the onus is on the plaintiff to establish the 20% royalty.

[24] In fact, in his evidence PW2 said that he signed the 1983 contract with MRC on behalf of his brother, the plaintiff. In Q/A 9, PW2 has admitted that when he signed the 1983 contract, Ahmad Nawab was present, together with the Managing Director of MRC. Therefore, in the absence of any documentary evidence, I am not going to accept the oral evidence of the plaintiff's brother on the truth of the 20% royalty. In any event, the 20% royalty is only binding on MRC, not the defendant.

[25] Added to that, the plaintiff did not take any action to enforce the 1983 contract against MRC, and neither did he instituted any action against Music Valley or Nawab Production over the alleged 20% royalty. The plaintiff signed the contract with MRC in 1983, yet he only filed this action in 2015, after more than 30 years. If the plaintiff was very serious in his contention that he is entitled to 20% of the alleged 100,000 sales of the album, he should have enforced his rights from the very beginning, against the main culprit, MRC.

[26] In any event, on the balance of probability, I accepted the evidence of the defendant that the 8% royalty payment comes to RM227.69, RM236.65 and RM249.91. As such, judgment is allowed in the said amounts.

Statutory rights — performers' rights

[27] The next issue is the plaintiff's claim premised on his statutory rights under the Copyright Act 1987.The plaintiff is seeking a declaration that the defendant has infringed his performer's rights under s 36 of the CA 1987, which reads:

> 36 Infringement
>
> (1) Copyright is infringed by a person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act.

[28] The defendant has submitted that under s 7 of the CA 1987, the works that are eligible for copyright are as follows:

(a) literary works;

(b) musical works;

(c) artistic works;

(d) films;

(e) sound recordings; and

(f) broadcasts.

[29] In the present case, it is not in dispute that Ahmad Nawab owns the copyright to the album. As there is no evidence that the plaintiff is claiming ownership in respect to the literary, musical or sound recordings of the album 'Kau Bungaku', the defendant submits that the plaintiff cannot claim for infringement of copyright under s 36(1) of the CA 1987.

[30] However, pursuant to an amendment to the CA 1987, under s 39A, s 36 'shall apply *mutatis mutandis* to performers' right'. Therefore, the next issue is whether the defendant has breached the plaintiff's performers' rights under s 16 of the CA 1987.

[31] The plaintiff is seeking a declaration that he has performers' rights under s 16A of the CA 1987. As such, the plaintiff now seeks:

(a) damages for the defendant's breach of the plaintiff's performers rights under s 36 of the CA 1987; and

(b) that the plaintiff is entitled to the equitable remuneration under s 16B of the CA 1987.

[32] The plaintiff's pleaded case is premised on s 16A of the CA 1987, but in his submission, he is merely relying on s 16A(1)(d), which reads:

> 16A Nature of performer's right
>
> (1) Performers' right shall be exclusive right to control in Malaysia —
>
> (a) ...
>
> (b) ...
>
> (c) ...
>
> (d) the first distribution to the public of a fixation of a performance, or copies thereof, through sale or other transfer of ownership; ...

[33] With regards to the music industry, the CA 1987 protects four different rights:

(a) the musical compilation;

(b) the literary works;

(c) the sound recording; and

(d) the performers rights.

[34] Under s 3 of the CA 1987, a performer is defined to includes a singer, the plaintiff in this case. Under s 10A, performers right shall subsist in every performance of which the performer is a citizen or permanent citizen of Malaysia. Under s 16A(1)(d), the performer shall have the exclusive right to

control the first distribution to the public of a fixation of a performance, or copies thereof, through sale and other transfer of ownership.

[35] In *Copyright Law in Malaysia* (3rd Ed) by Khaw Lake Tee, at p 396, the author opined:

> There are two or perhaps even three circumstances under which the performer is entitled to such remuneration: first, where the sound recording is published for commercial purposes; secondly, where the reproduction of the recording is publicly performed; and thirdly, and somewhat peculiarly, where the recording is used for broadcasting or other communication to the public ...

[36] It is the submission of the defendant that what is protected under s 16A(1) is limited to 'live performance'. Therefore, since the studio recording of the album is not a 'live performance', then the plaintiff's claim premised on s 16A(1)(d) is without any legal basis.

[37] However, I agree with the plaintiff that the performers' rights under s 16A(1) is not limited to 'live performance' only, and I find support for this from the book *Copyright Law in Malaysia* (3rd Ed) by Khaw Lake Tee and *Copyright Law in Malaysia*, by Ida Madeiha bt Abdul Ghani Azmi.

[38] In her book, Khaw Lake Tee said that a performer is entitled to performers' remuneration:

(a) where the sound recording is published for commercial purposes;

(b) where the reproduction of the recording is publicly performed; and

(c) where the recording is used for broadcasting or other communication to the public.

[39] Ida Madeiha bt Abdul Ghani Azmi said this at p 752:

> The Copyright (Amendment) Act 2012 substituted 'live performance' with 'performance'. This is because the term 'performance' is capable of implying an action that is performed live. The proposed amendment was made to render the Malaysian provision consistent with Article 2 of WPPT.
>
> Several points should be noted:
>
> 1. The presence of an audience is not crucial to a performance. Thus *the act of singing by a singer in the course of recording his song in a studio can also be considered a performance under the Act.* (Emphasis added.)

[40] In the present case, the plaintiff has exercised his exclusive rights as a performer to control the first distribution of his album to the public when he signed the agreement with MRC under the 1983 contract. Under the said 1983 contract, the plaintiff had agreed to the distribution of the album by MRC and

had also agreed to be paid royalties by MRC. When MRC did not pay the royalties, I am of the considered opinion that there is no breach of the plaintiff's rights under s 16A(1)(d) by the defendant, as the defendant was not privy to the 1983 contract.

[41] However, the performer's rights are not just limited to the first distribution, but also to the subsequent distribution of the album. At pp 753–754, it is stated in *Copyright Law in Malaysia* by Ida Madeiha bt Abdul Ghani Azmi as follows:

> Exclusive rights
>
> Section 16A(1) of the Copyright Act 1987 vest the following exclusive rights to the performer:
>
> (1) ...
>
> (2) ...
>
> (3) ...
>
> (4) The first making available to the public of a fixation of a performance;
>
> (5) ...
>
> The Copyright (Amendment) Act 2012 refined the scope of the performers' exclusive right to the following:
>
> 1. ...
>
> 2. The first making available right is changed to the distribution right. *With this amendment, the performer can not only control the first distribution of the recording of his performance but also subsequent distribution*. (Emphasis added.)

[42] Khaw Lake Tee shared the same view, that the performers' rights is extended to the reproduction of the recording. So the next issue is whether the defendant has breached the plaintiff's performers' rights under s 16A(1)(d) of the CA 1987, as the plaintiff's performers' rights includes subsequent distributions of the album.

[43] However, in the present case the plaintiff has failed to establish that the defendant had reproduced the album for subsequent distribution. Added to that, PW2 has given evidence that the defendant did not reproduce the album in physical form (see Q/A 3 of WSDW2 Supplementary).

[44] In any event, and even assuming that there was reproduction of the album for subsequent distribution, I am of the considered opinion that the plaintiff's performer's rights are also protected under the 2005 agreement and the 2008 novation agreement. Pursuant to the 2008 novation agreement, the defendant is to pay Nawab Production Sdn Bhd, which includes liabilities to

A third parties, such as the plaintiff. From the evidence, the defendant has paid the plaintiff 8% royalty, through Nawab Production Sdn Bhd, in accordance with the instruction from Ahmad Nawab Production Sdn Bhd.

B **[45]** From the email dated 15 April 2015 from June Nawab, the defendant was informed that the defendant is to pay 8% royalty to the plaintiff on behalf of Nawab Production. Therefore, I am of the considered opinion that there is no statutory breach of s 16A(1)(d) read with s 36(1) of the CA 1987 by the defendant, as alleged by the plaintiff.

C

[46] As to the quantum of the royalty payment, I find that since the plaintiff has failed to establish that he is entitled to 20% royalty, then based on the email from Nawab Production, it is more probable that the royalty is 8%. I also take note that the plaintiff did not take any action since 1983 to sue MRC, Music Valley or Nawab Production over the royalty payment, but chose only to sue the defendant, who only came into the picture in 2008 vide the novation agreement.

[47] The next issue raised by the plaintiff is his rights to equitable E remuneration under s 16B of the CA 1987, which reads:

> 16B Equitable remuneration
>
> (1) Where a sound recording is published for commercial purposes or a reproduction of such recording is publicly performed or used directly for broadcast or other communication to the public, an equitable remuneration for the F performance shall be payable to the performer by the user of the sound recording.
>
> (2) Remuneration shall not be considered inequitable merely because it was paid by way of single payment or at the time of the transfer of the rental right.
>
> (3) Nothing in this section shall be construed so as to deprive a performer of the G right to agree by contract on terms and conditions more favourable for him in respect of his performance.
>
> (3A) In the *absence of a contract on the equitable remuneration payable under subsection (1), the performer may apply to the Tribunal to determine the amount payable as equitable remuneration*. H
>
> (3B) ...
>
> (3C) ...
>
> (3D) ...
>
> I (3E) ...
>
> For the purpose of this section 'published for commercial purpose' means the sound recording has been made available to the public by wire or wireless means in such a way that members of the public may access them from a place and at a time individually chosen by them. (Emphasis added.)

[48] It is the submission of the plaintiff that he is entitled to equitable remuneration for the publication of his songs on the iTunes by the defendant. A

[49] On s 16B of the CA 1987, the author of *Copyright Law in Malaysia* Ida Madeiha bt Abdul Ghani Azmi commented as follows at pp 755–756: B

> *EQUITABLE REMUNERATION*
>
> According to s 16B of the Copyright Act 1987, when a sound recording is published for commercial purposes, or a reproduction of such recording is publicly performed or used directly for broadcast or other communication to the public, an equitable remuneration for the performance shall be payable to the performer by the user of the sound recording. C
>
> This provision entitles the performer to collect a sum called 'equitable remuneration' from the commercial publication of public playing or broadcasting or the public communication of the recordings of his performance. As the provision uses the term 'equitable remuneration' and not 'royalty', this somehow justifies the current industry practice whereby the performer is not given an equal share to the producer of the sound recording. This is one aspect in which performers are still not happy with in their fight to get equal treatment or status with the producer of the sound recording. D
>
> ... E
>
> The amendment further added the possibility of referring disputes on equitable remuneration to the Copyright Tribunal. This is in the instance where there is *no written agreement on equitable remuneration or the performer* is not happy with the sum agreed and wants to vary the contract (new s 16B(3A) and (3B)). Any contract that restrains the performer from questioning the amount to the equitable remuneration if of no effect (new s 16B(3E)). F

[50] Khaw Lake Tee, in *Copyright Law in Malaysia*, shared the same view at p 396: G

> It is specifically provided by s 16B(4) that 'published for commercial purpose' means the sound recording has been made available to the public who may access them from a place and at a time individually chosen by them.
>
> ... H
>
> Equitable remuneration is to be paid by the user of the sound recording. The user here must mean the person who published the sound recording for commercial purposes or who publicly performed the recording, which essentially the radio broadcaster, or where the recording is made available over the internet, the service provider, and anyone who plays the record publicly. I

[51] In the present case, it is not in dispute that the plaintiff is entitled to some payment for the uploading of the songs from the album on the iTunes by the defendant.

[52] The plaintiff has given evidence that in 2013 he has entered into an agreement, 'Mobile Digital Download and Streaming Agreement' with Dream Music Sdn Bhd, to sell his songs in digital form and/or via uploading to the internet. Under the said agreement, the plaintiff is entitled to 50% profit from the sales of his songs.

[53] The plaintiff did not have any similar agreement with the defendant, and since the defendant has uploaded his songs on the iTunes, then the plaintiff claims for equitable remuneration under s 16B of the CA 1987.

[54] I am of the considered opinion that when the defendant had uploaded the songs from the plaintiff's album onto the iTunes, then the defendant is liable to pay equitable remunerations to the plaintiff. However, PW2 has given evidence that the plaintiff's royalties from the iTunes download only amounted to RM247.48. PW2 also said that the calculation of the plaintiff's royalties is only based on the revenue generated received from the digital aspects of the album, since the defendant did not reproduce the album in physical form.

[55] However, the plaintiff challenged the accuracy of the number of downloads from the iTunes. The plaintiff said that he has a huge fan base of more than 100,000, not just in Malaysia, but from all over the world. The plaintiff did not offer any evidence to support his contention, apart from his oral evidence.

[56] Having considered the evidence, I am inclined to accept the defendant's evidence that the accuracy of the downloads from the iTunes of the songs from the album is generated from the defendant's system in its headquarters in the Netherlands. Added to that, the defendant's accounts had been audited and therefore the reported revenue generated for the album in digital form is accurate.

[57] With regards to the plaintiff complaints that the 8% is low as compared to the 50% that he has secured from Dream Music, this to me is an issue which is best left to the industry concerned, namely the Copyright Tribunal.

[58] On this, s 16B(3A) of the CA 1987 provides that the performer may apply to the Copyright Tribunal to determine the amount payable as equitable remuneration. Bearing in mind that the Copyright Tribunal is established under s 28 of the CA 1987, then Parliament would have considered it to be the specialised body to look into these disputes on equitable remunerations. As such, since the defendant has paid the plaintiff RM247.48 for the downloads, if the plaintiff is not happy with the said amount, then I will leave it to the parties to take their disputes to the Copyright Tribunal.

[59] On the issue of an injunction sought by the plaintiff, I will not grant the same as the plaintiff is merely seeking payments for the download of his album. Added to that, it is not in dispute that it is Nawab Production that owns the copyright over the said album. Under the 2005 agreement, Nawab Production had given the rights to sell the album to Music Valley, and thereafter the defendant has secured its interest over the album pursuant to the 2008 novation agreement.

CONCLUSION

[60] To conclude, based on the evidence before me, the plaintiff has proven his case in respect of his claim for royalties, as the email from Nawab Production is clear that the defendant is to pay 8% royalty to the plaintiff directly, for and on behalf of Nawab Production. Only this claim is allowed with costs to the plaintiff.

Order accordingly.

Reported by Ashok Kumar